THE SECOND DAY.

23rd February, 1926.

The Assembly met again at 11-30 A. M. on Tuesday, the 23rd February 1926.

DEWAN : Gentlemen, before we start our deliberations to day, that is, before receiving your representations and considering them, there is one point which I would like to bring to your notice, that is, Rule XXI of the Sri Mulam Popular Assembly Rules, which limits the speech of a member on any one subject to fifteen minutes. I think you will all agree with me when I say that it is necessary that we should impose this restriction upon ourselves strictly. You are all business men and most of you have come here from distant places and at much inconvenience involving the dislocation of your regular work. I feel that you would not wish your ordinary avocations interrupted for more days than are absolutely necessary. Therefore I am quite sure you will be the first to accept my plea for such a self-denying ordinance as the fifteen minutes' rule to enable us to get through our business on prompt business-like lines.

The consideration of the subjects according to the list distributed among the members on the previous day was then taken up.

I. Improvement of the State Finance.

MR. V. RAMAN PILLAI (*Member, Quilon taluk, Group I*) considered that the present financial outlook of the State was gloomy. The revenues had been increasing appreciably since 1080, but that was due to the imposition of additional burdens on the people and not as the result of a profitable exploitation of the resources of the State. In 1090, the expenditure was Rs. 162 lakhs against an income of Rs. 149 lakhs ; in 1091 an equilibrium was restored by drastic cuts in expenditure to the extent of Rs. 17 lakhs ; in 1095, as compared with 1094, the revenues increased by only Rs. 3·5 lakhs, while the expenditure rose by Rs. 16 lakhs. From 1087 to 1097, the revenues rose from Rs. 138 lakhs to Rs. 195 lakhs and the expenditure from Rs. 135 lakhs to Rs. 196 lakhs, *i. e.*, the expenditure in the latter year was Rs. 1 lakh above the income. The actuals of 1100 showed a surplus which could be considered stable. The member viewed the observations of the Financial Secretary contained on page 4 of the Appropriation Report for 1098 M. E. as supporting his position. The liabilities of the State in respect of the Railways were also to be taken into account.

The main causes of this state of affairs were the unnecessary increase in the salaries in the superior service and the creation in recent years of numerous new high-paid appointments. The policy of retrenchment adopted by the Government when revising the salaries had only led to an increase in expenditure of Rs. 8·5 lakhs excluding the rise under travelling allowances to officers. The financial policy was one of drift. There was no steady programme for the work and management of the various departments. The Financial Secretary being also the Account Officer, he was not in a position to devise ways and means for the reduction of expenditure and augmentation of revenue.

The first need was industrial regeneration. The Department of Industries had not justified its existence and served no useful purpose. There was no industry in the State started and managed by the Government. The problem of unemployment pressed for solution. It was the duty of the Government in an essentially agricultural country to do pioneer work in the matter of starting suitable model factories. There were unlimited potentialities in the natural resources available in

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cocoanut, sugarcane, tapioca, a large variety of forest produce and kaolin. Dr. Barker's report on the industrial survey of the State had not seen the light of day ; Mr. Chacko was not known to have suggested any scheme for the industrial regeneration of the country. Funds were necessary to start industries and it was incumbent upon the Government to find the ways and means.

Under the present circumstances, Travancore should have a University of its own ; the amount required for its establishment was likely to be great. The railway extensions to Alwaye and Nagercoil would require the flotation of a loan. Scarcity of water was evident not only in Trivandrum, Nagercoil and Alleppey, but in many other important places. Street lighting even in important towns was in a bad way. These works also required money. There was no rural sanitation, though the District Officers could do some propaganda work at least. Wells, tanks and streets were ill-kept. The Sanitary Department, organised decades ago, had not received adequate encouragement ; and its reorganisation might be effected even at the risk of reducing some expenditure on the Medical Department. A strong Irrigation Department for the whole State was highly necessary. The restoration of minor irrigation works would involve huge outlay. The Irrigation Regulation was a dead letter so far as Quilon and Kottayam Divisions were concerned.

To provide the funds required for the various items enumerated above, the only feasible course was retrenchment. Salaries should be fixed permanently for posts and not for persons. All the heads of departments and higher officers should be brought into one *cadre*, and no head of department need be paid more than Rs. 500 a month. The creation of new appointments must stop ; assistants and personal assistants were mostly superfluous ; multiplicity of officers meant trouble to the people ; the number of appointments was capable of reduction. 40 per cent. of the revenues was now spent on salaries and allowances. 30 per cent. should be fixed as the maximum for the purpose.

Another method suggested for the reduction of expenditure was the transfer of work to non-official agencies. Primary schools could be handed over to village Panchayats, when created ; even English Schools could be taken up by private agencies ; expenditure on the Judicial Department could be reduced by a freer appointment of Honorary Magistrates and Panchayat Judges.

The universal extension of the shift system to all primary schools would result in considerable reduction of staff. The Devicolam Division, being small and only thinly populated, could be abolished and the taluks in that Division added on to the Kottayam Division. The Assistant Superintendents of Police were only intermediary officers and popular opinion was against their retention. The Assistant Engineers in the Public Works Department could be dispensed with. The abolition of temporary and additional Judges and Munsiffs could be effected if the Judicial Officers would attend court at the prescribed hour and if efficiency of work could be improved by means of an efficiency bar to regulate promotions and by constant check by the High Court and the Government. The Revenue Supervisors were only doing the work of the old Taluk Surveyors, and men with less pay and qualifications would suffice.

There were some new sources of revenue which remained to be tapped, such as tax on rubber. More than one-third of Travancore was covered by rubber plantations. Mainly one-half of the duty on tea was refunded to the British Government. This was conceded as a war measure, and the British Government must be moved in the matter ; and the planters should be induced to export tea through Travancore ports as far as possible. The revision of the Interportal Trade Convention entered into more than fifty years ago was long overdue. The export trade had now considerably increased and the maximum of 5 per cent. *ad valorem* duty should be revised.

Though a third of the State consisted of reserved forests, the net income derived was less than Rs. 3 or 4 lakhs. There was no definite forest policy. Working plans in respect of 675 square miles prepared at enormous cost were not worked out, and deviations therefrom were made without proper authority. The income

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from the forests was not even one anna per acre while it was Rs. 230 per acre in Germany. The disafforestation of these reserves would bring in a land revenue of Rs. 2 per acre and add to the wealth of the people. The sandalwood plantations were not thriving as in Mysore. Rubber might be cultivated on an extensive scale by the Forest Department. The vicissitudes of the Plantation Division, the Forest College, the Forest Utilisation Officer and timber sales show that the varying views of individual Conservators led to a lack of sustained policy and action. Timber sales could be improved by appointing commission agents in important centres of consumption. Tramways, traction engines and lorries should be introduced for working down timber. Forest communications needed development. Only ten out of the five or six hundred species of timber available were being marketed. The use of hydraulic power for working saw mills and the manufacture of paper pulp and match could be tried. Tapioca flour was said to be in demand elsewhere and a flour mill could be established. The manufacture of artificial silk from wood pulp might be attempted.

The committee of ways and means promised in the Dewan's address at the seventeenth session of the Assembly had yet to be appointed. A committee of experts should revise the expenditure of the State. The offices of the Financial Secretary and Account Officer should not be combined in one person. The recent treasury defalcations indicated a separation to be imperative. There was waste in the Anchal Department, the Government Press and the P. W. D. Workshop. A definite programme of retrenchment of expenditure and improvement of revenue resources should be laid down.

DEWAN'S REPLY : Mr. Raman Pillai, I have listened to your representation with a very considerable amount of interest. In one subject you have succeeded in bringing in the whole range of the affairs of the State and every department and branch of the administration. You will, I am sure, be the first to admit that to answer each of these with a definite pronouncement is a very difficult problem. In fact, I think, in order to answer in a way entirely adequate each point you have taken up, I shall have to take up many days speaking all by myself. Again, these are all questions which require very careful consideration.

2. I am afraid you are rather pessimistic. You seem disposed to find something bad in everything and I do not agree with you there. To begin with, our financial outlook is far from gloomy. In fact, the State is very sound financially and our normal revenue is capable of expansion. It is also gratifying to find that it is the receipts from indirect taxation, and not the direct imposts, that show signs of improvement and expansion. That is all to the good.

3. In the matter of expenditure, I do not deny that I share your views a great deal. There should be a possibility of curtailing our expenditure, and that will engage my very earnest attention.

4. In the matter of industries too, I am in a position much the same as that taken by you. Much can be done ; little has been done ; much should be done.

5. In regard to water supply, there too, I am in complete agreement with you. As you are aware, we have already taken up the question of early water supply for Trivandrum. Nagercoil will not be long in having its own water supply ; and I am in hopes of taking up the question of a water supply for Alleppey.

6. You referred to the question of a tax on rubber. I am afraid you were not quite right when you said that more than one-third of Travancore is under rubber cultivation. Rubber is, in Travancore, still a young industry. We have got to remember that, unlike certain other commodities, we do not produce and we do not export enough of this material to have anything like a monopoly of the world's supply ; and that being the case, we cannot afford to raise the cost of production or the sale price of rubber, so that it cannot compete on equal or more favourable terms with rubber supplied from elsewhere. We do not produce even such an appreciable fraction of the world's supply as to dictate our price. The output of rubber in Ceylon is, if I am not mistaken, nearly twice as much per acre as in Travancore. Therefore, in order to compete successfully with Ceylon rubber, we have got to produce twice the same outturn per acre as in Ceylon. Now, if we proceed to impose a

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tax on rubber, we shall have to bring that price to such a level as to compare favourably with the price in Ceylon or with that in Malaya or the prices in any other rubber producing countries. These are all matters which have got to be studied very carefully. We have also to remember that the growing of rubber is an industry to which the people of Travancore are taking kindly and it would be unwise to do anything that will discourage the further pursuit of that enterprise. That is why I repeat that the question of a tax on rubber must receive very, very careful consideration and study.

7. The other points, I am afraid, will take me too much time to deal with item by item. You can rest assured that they will be recorded, examined and considered.

2. The present economic condition of the State and suggestions to minimise expenditure.

MR. A. NARAYANA PILLAI (*Member, Vaikam taluk*) began by observing that there was an intimate connection between the economic welfare of the people and the financial position of the State. There was a feeling in the non-official mind that public revenues and public expenditure were not administered with a view to secure the maximum benefits to the country. Only the minimum amount compatible with the requirements should be taken from the people and the taxes should come back to the people in a fructifying shower.

There was an intense feeling that the Government were not economising expenditure as far as possible. The expenditure of more than Rs. 70 lakhs, out of a total revenue of a little over Rs. 2 crores, on salaries and allowances was colossal and the popular cry for retrenchment remained unheeded. The creation of new posts sometimes appeared to be nothing other than capricious. Each departmental head wanted to increase the strength of his department as new appointments meant more patronage. There was no machinery to keep the balance even between the various departments. The work of the Salaries Committee was admittedly not exhaustive. The proposal to appoint a retrenchment committee to reform the public service and set free funds for the development of nation-building activities had been repeatedly made without any avail. Much could not be hoped from the report of the Devolution Officer. The appointment of a committee consisting of officials and non-officials to go into the whole question of public service was, he said, imperatively needed.

The number of educated unemployed among the middle classes was considered to be on the increase. The schools were annually adding to the number. Literacy was no doubt good; but man required food first. Intensive agriculture should be promoted by sober advice and loans. The former was available from the present Director of Agriculture. The Agricultural Loans Regulation should be sympathetically worked; loans should be promptly issued; and more funds should be set apart for loans, a portion of the investments in the Government of India securities being diverted for the purpose, if necessary. The economic condition of a ryot could be judged only by the taxable margin and not by the percentage of collection as the latter depended on the efficacy of the coercive steps for revenue recovery.

The land revenue policy of the Government paid no regard to the economic condition of the ryot. The fee on demand notices was an unnecessary burden. If a village staff costing more than Rs. 3 lakhs had to issue five lakhs of demand notices in respect of Rs. 18 lakhs out of the total *ayacut* revenue of Rs. 36 lakhs, the inference was that the tax was high. During the last fifteen years, the Government had been imposing various new taxes and enhancing the existing taxes. It could not be claimed that the earning capacity of the people had kept pace with the growth of revenue from Rs. 128 lakhs in 1089 to Rs. 210 lakhs in 1100.

New taxes were imposed and enhancements were made by executive orders based on the recommendations of heads of departments. There were a large number of questions such as the revision of the Interportal Trade Convention, the levy of export duty on rubber and tea, the revision of land tax, revenue settlement, and retrenchment which required the immediate appointment of a committee of ways and means.

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